

## Message Text

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ACTION NEA-07

INFO OCT-01 ISO-00 SS-14 L-01 INR-05 SP-02 PM-03 OES-02  
PRS-01 CIAE-00 DODE-00 ACDA-10 IO-06 NSC-05 NSCE-00  
/057 W

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R 011445Z MAR 77  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 1607

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 3001

C O R R E C T E D C O P Y (STADIS CAPTION DELETED)

FOL IS BOMBAY CONTEL 476 DTD FEB 28 1977 SIGNED COURTNEY  
RPTD YOUR INFO

QUOTE

C O N F I D E N T I A L SECTION 1 OF 2 BOMBAY 0476

LIMDIS

EO 11652: GDS  
TAGS: TECH IN  
SUBJ: TARAPUR

REF: STATE 40548

1. SUMMARY. ON FRIDAY EVENING, FEB 25, CONSUL GENERAL HAD PRIVATE DINNER WITH IAEC CHAIRMAN HOMI N. SETHNA AS PART OF MUTUAL EFFORT TO MAINTAIN AT LEAST INFORMAL CONTACT ON NUCLEAR COOPERATION WHILE US REVIEW OF NUCLEAR POLICY CONTINUES. CONVERSATION WAS RELAXED AND WIDE-RANGING BUT DID NOT YIELD MUCH IN WAY OF NEW INFORMATION OR NEW THOUGHTS. SETHNA STILL PREFERS TO KEEP AN ARM-LENGTH POSTURE ON BASIC NON-PROLIFERATION ISSUES WHICH HE PREFERS TO HAVE HANDLED BY DELHI OFFICIALS AT PRESENT  
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TIME. ON OTHER HAND, SETHNA WENT OUT OF HIS WAY TO EMPHASIZE THAT HE STILL CONSIDERS HIMSELF MRS GANDHI'S PRIMARY ADVISOR ON NUCLEAR AFFAIRS AND THAT HE REMAINS IN POSITION TO OVERCOME OPPOSING VIEWS AND TO PERSUADE HER TO ACCEPT AN AGREEMENT WITH US PROVIDING TERMS ARE NOT TOO TOUGH. END SUMMARY.

2. SETHNA SAID HE WAS GLAD THAT WE HAD ARRANGED THE DINNER FOR

THE EVENING OF THE 25TH AS HE HAD JUST RECEIVED A REPORT FROM INDIA'S WASHINGTON EMBASSY ON THEIR MEETING WITH DEPUTY UNDER SECRETARY NYE, WHICH HE FOUND SOMEWHAT CONFUSING AND WISHED TO DISCUSS WITH CONGEN. HE FOUND THAT THE REPORT DEALT ALMOST ENTIRELY WITH THE POLITICAL SIDE OF NUCLEAR COOPERATION, WHICH GIVES HIM SOME TACTICAL PROBLEMS. HE SAID THAT ADDITIONAL FOREIGN SECRETARY VELLODI HAD BEEN DOWN FROM NEW DELHI DURING THE WEEK (POSSIBLY IN CONNECTION WITH VISIT OF HEAD OF IRANIAN ATOMIC ENERGY ORGANIZATION ETAMAD) AND HAD PUSHED HIM HARD TO MAKE A FULL REPORT ON HIS DISCUSSION OF NON-PROLIFERATION PROBLEMS WITH DEPUTY ASSISTANT SECRETARY DUBS AND NSC STAFF MEMBER THORNTON DURING THE MRS LILLIAN CARTER'S VISIT. SETHNA SAID THAT HE HAD STUCK FIRMLY TO HIS REFUSAL TO MAKE ANY DETAILED REPORT ON THE GROUNDS THAT HE HAD SIMPLY REFERRED VISITORS TO NEW DELHI FOR AUTHORITATIVE DISCUSSIONS ON SUCH MATTERS AS TEST MORATORIUM, CTP, PNE AND NPT. HE HAD GIVEN A PROPERLY DETAILED REPORT ON DISCUSSIONS ON SUCH MATTERS AS FUEL SUPPLY, WASTE STORAGE PROBLEM AND SAFEGUARDS BOTH AT TARAPUR AND RAJASTHAN. HE ALSO SAID THAT HE HAD REPORTED HIS RELUCTANCE TO APPLY SAFEGUARDS AT KALPAKKAM BECAUSE THAT FACILITY IS BEING BUILT ENTIRELY WITH INDIGENOUS RESOURCES AND KNOW-HOW. ALTHOUGH HE DID NOT SAY SO EXPLICITLY IT SEEMED CLEAR THAT SETHNA'S MAIN RELUCTANCE IN HIS REPORTING WAS LESS TO PROTECT THE INFORMAL NATURE OF THESE TALKS THAN TO AVOID COMMITTING HIMSELF IN WRITING TO ANY PARTICULAR LINE ON THE BASIC ISSUES OF DEALING WITH THE FUNDAMENTALS OF INDIAN NUCLEAR POLICY IN BILATERAL DISCUSSIONS WITH THE UNITED STATES DURING THIS PERIOD OF CHANGING WORLD VIEWS OF NUCLEAR MATTERS.

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3. SETHNA THEN LAUNCHED A DETAILED DISCUSSION OF THE INDIAN EMBASSY REPORT OF THE MEETING IN WASHINGTON WITH DEPUTY UNDER SECRETARY NYE. HE SAID THAT THE EMBASSY HAD REPORTED THAT NYE MADE FOUR MAIN POINTS, ALL ON A PERSONAL RATHER THAN OFFICIAL BASIS. SETHNA SUMMED UP THESE POINTS AS FOLLOWS: (A) THE INEVITABILITY OF A RELATIONSHIP BETWEEN NON-PROLIFERATION POLICIES AND THE SUPPLY OF NEW FUEL FOR TARAPUR, (B) THE IMPOSSIBILITY OF CONTINUING SHIPMENTS OF URANIUM FOR TARAPUR IF INDIA HAD ANOTHER PNE, (C) CONTINUING UNCERTAINTY IN US GOVERNMENT OVER DATA CONNECTED WITH FUEL FABRICATION PROCESS AND THE AMOUNT OF WASTE FUEL STORAGE CAPACITY REMAINING IN INDIA, AND (D) THE DESIRE IN SOME PARTS OF THE US GOVERNMENT TO PUNISH INDIA FOR ITS PNE. CONGEN SAID THAT OUR REPORT OF SAME MEETING EMPHASIZED THAT WHILE NYE HAD MENTIONED ALL OF THE FOUR POINTS ENUMERATED BY SETHNA, NYE HAD STRESSED THAT HE WAS NOT TALKING ABOUT US POLICY REGARDING ANOTHER PNE. RATHER, HE WAS SIMPLY PREDICTING THAT IF THERE WAS ANOTHER PNE THE CONGRESS AND US PUBLIC OPINION WOULD NOT TOLERATE FURTHER SHIPMENTS OF ENRICHED URANIUM TO INDIA. CONGEN THOUGHT THAT THIS DISTINCTION WAS

IMPORTANT BECAUSE AS SETHNA KNEW, THE US GOVERNMENT COULD NOT CARRY OUT AN IMPORTANT POLICY WHICH WAS DEEPLY OPPOSED BY CONGRESS AND AMERICAN PUBLIC OPINION. SETHNA KNEW OF THE PREVIOUS ADMINISTRATION'S DIFFICULTIES ON THIS POINT IN CONNECTION WITH XSNM-805 WHOSE SHIPMENT WAS HELD UP FOR A CONSIDERABLE PERIOD OF TIME EVEN THOUGH THE FORD ADMINISTRATION HAD FAVORED IT.

4. SETHNA THEN SAID THAT HE DID NOT WANT TO GET INTO A DETAILED DISCUSSION OF HIS PROBLEMS IN DEALING WITH THE GOI EMBASSY IN WASHINGTON; BUT HE BELIEVED THAT IT IS AN INESCAPABLE FACT THAT PROBLEMS IN THEIR REPORTING DO HAVE TO BE TAKEN INTO ACCOUNT IN OUR INTERGOVERNMENTAL COMMUNICATIONS ON NUCLEAR COOPERATION. HE THOUGHT THAT THE INDIAN EMBASSY DEFICIENCIES STEM LARGELY FROM A INADEQUATE UNDERSTANDING OF TECHNICAL POINTS BUT HE DID NOT RULE OUT AN INCLINATION ON THEIR PART TO PROMOTE CERTAIN POLICY VIEWS WITH WHICH HE DOES NOT ALWAYS AGREE. IN ANY EVENT, HE FELT THAT DISCUSSION ON THE ESSENTIALS OF INDIAN-AMERICAN NUCLEAR COOPER-  
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ATION MUST BE HELD DIRECTLY WITH PRINCIPALS WHO RESIDE IN INDIA, INCLUDING HIMSELF. HE HASTENED TO EMPHASIZE THAT NEW DELHI'S BASED OFFICIALS MUST CARRY THE PRIMARY BURDEN AT THE PRESENT TIME FOR ANY TALKS FOCUSED ON SUCH HIGHLY POLITICAL ISSUES AS NON-PROLIFERATION.

5. SETHNA UNDERSTOOD DEPUTY UNDER-SECRETARY NYE'S APPROACH AND SAID THAT THE TIME MAY WELL HAVE COME FOR A FRANK EXCHANGE ON THE BASIC POLITICAL PROBLEMS CONNECTED WITH BILATERAL INDO-AMERICAN NUCLEAR COOPERATION. HOWEVER, HE FEELS THAT THERE IS LITTLE  
NOTE: STADIS CAPTION DELETED PER ROBERT OBER - NEA/INS.

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ACTION NEA-07

INFO OCT-01 ISO-00 SS-14 L-01 INR-05 SP-02 PM-03 OES-02  
PRS-01 CIAE-00 DODE-00 ACDA-10 IO-01 NSC-05 NSCE-00  
/052 W

-----030337 125106 /61/66

R 011445Z MAR 77

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1609

C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 3001

C O R R E C T E D C O P Y (STATIS CAPTION DELETED)

FOL IS BOMBAY CONTEL (SECTION 2 OF 2) SENT NEW DELHI FEB 28, 1977  
SIGNED COURTNEY RPTD YOU

QUOTE

C O N F I D E N T I A L SECTION 2 OF 2 BOMBAY 0476

LIMDIS

POSSIBILITY OF PHRASING ANY SETTLEMENT AT THIS TIME IN POLITICAL TERMS. TO MAKE A SETTLEMENT ACCEPTABLE TO INDIAN OPINION AND PARLIAMENT HE BELIEVES THERE WOULD HAVE TO BE HEAVY EMPHASIS ON THE TECHNICAL SIDE OF THE ARRANGEMENT, PARTICULARLY ON THE CONTINUING COOPERATION IN ACCORDANCE WITH THE TERMS OF THE TARAPUR BILATERAL AGREEMENT AND OF THE FUEL SUPPLY CONTRACT. SETHNA SAW NO CHANCE THAT INDIA WOULD FORMALLY GIVE UP ANY RIGHTS UNDER THE BILATERAL OR THE FUEL SUPPLY CONTRACT. IN HIS VIEW, THE GOI WILL INSIST THAT INDIA HAS A CONTRACTUAL RIGHT TO THE FUEL AS LONG AS IT LIVES UP TO THE CONDITIONS ATTACHED TO ITS SUPPLY. HE VIEWS THE ESSENTIAL CONDITIONS AS BEING THAT INDIA USE ONLY US FUEL IN THE TARAPUR REACTORS AND THAT IT SAFEGUARD THIS FUEL AND THE WASTE RESULTING FROM IT IN ACCORDANCE WITH OUR AGREEMENT. HE ADDED THAT MANY ACCOMMODATIONS ARE POSSIBLE, SUCH  
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AS TIGHTENING UP IMPLEMENTATION PROCEDURES UNDER THE BILATERAL GIVEN ADDITIONAL ASSURANCES TO THE US ON SUCH RELATED ISSUES AS THE REPROCESSING PLANT. HE SAID HE COULD ALSO UNDERSTAND THE US CONCERN THAT INDIA DEMONSTRATE IT IS LIVING UP TO GOOD INTERNATIONAL STANDARDS REGARDING OTHER FACILITIES THAT WERE ERECTED WITH INTERNATIONAL HELP, SUCH AS THE RAJASTHAN REACTORS. HE THOUGHT IT WOULD BE HARD FOR THE GOI PUBLICLY TO ACCEPT OR AGREE TO ANY STATEMENTS ON PNE OR NPT POLICIES IN CONNECTION WITH CONTINUING BILATERAL COOPERATION, BUT HE DID NOT GO SO FAR AS HIS DEPUTY J.C.SHAH HAD, SOME MONTHS AGO, IN ARGUING THAT THERE IS NO POSSIBILITY IN NEGOTIATING ON ANY MATTERS TOUCHING ON CHANGES IN INDIAN PNE OR NPT POLICIES.

6. SETHNA SAID THAT HE HAS ARGUED AGAINST TAKING A HARD LEGALISTIC POSITION ON THE SANCTITY OF CONTRACTS BUT WE SHOULD BE PREPARED FOR A FAIR AMOUNT OF INDIAN INSISTENCE ON OUR LIVING UP TO OUR SIDE OF THE BILATERAL AND THE CONTRACT. CONGEN STRESSED THAT THE AMERICAN VIEW OF NUCLEAR POSSIBILITIES AND PROBLEMS HAS UNDERGONE MUCH CHANGE AND THAT IMPLEMENTATION OF ANY TYPE OF

AGREEMENT HAS TO BE VIEWED UNDER CONTINUALLY CHANGING CIRCUMSTANCES. AS INDICATIVE OF CHANGES IN THE US VIEW OF NUCLEAR AFFAIRS EVEN BY PEOPLE FAVORABLE TO NUCLEAR POWER DEVELOPMENT, CONGEN GAVE SETHNA COPIES OF SEVERAL RECENT US PUBLICATIONS WHICH MAKE CLEAR THAT EVEN PROPONENTS OF NUCLEAR POWER DEVELOPMENT ENDORSE THE HALT IN STEPS TOWARD EARLY REPROCESSING OF SPENT FUEL IN THE UNITED STATES. SETHNA AGREED THAT THESE FUNDAMENTAL CHANGES AND ATTITUDES TOWARD NUCLEAR DEVELOPMENT HAVE TO BE TAKEN INTO ACCOUNT AND THAT WE ARE NOW REALLY FACED WITH A TACTICAL SITUATION ON HOW TO DEAL WITH THEM MOST EFFECTIVELY.

7. CONGEN THEN PROBED SETHNA FOR A REACTION TO DEPUTY UNDER-SECRETARY NYE'S PROPOSAL FOR AN EXCHANGE OF VIEWS IN WASHINGTON AND FOUND THAT SETHNA'S REPORT FROM THE INDIAN EMBASSY MADE NO MENTION OF THIS INITIATIVE. CONGEN EXPRESSED SURPRISE AND EMPHASIZED HIS UNDERSTANDING THAT SUCH AN EXCHANGE OF VIEWS WAS CONSIDERED AS A KEY NEXT STEP IN THE PROCESS. SETHNA WAS SO UPSET  
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BY THIS DIFFERENCE IN OUR REPORTS OF THE WASHINGTON MEETING THAT THE CONGEN AGREED TO GO TO HIS OFFICE TO GET HIS REPORT AND CHECK IT SO THAT SETHNA COULD BE CERTAIN ON THIS POINT WHEN HE MEETS WITH HIS COLLEAGUES IN NEW DELHI ON FEB 28. AFTER CONGEN HAD RECHECKED OUR CABLE, SETHNA SAID THAT WHILE HE WAS DISTURBED BY THE OMISSION IN HIS OWN REPORT HE WAS NOT REALLY ALL THAT SURPRISED. HE BELIEVE THAT IT IS ILLUSTRATIVE OF THE PROBLEMS THAT HE HAD IN DEALING WITH THE INDIAN EMBASSY AND HOPED THAT WE ALSO RECOGNIZED THE LIMITATIONS ON THAT CHANNEL OF COMMUNICATIONS.

8. ON THE SUBSTANCE OF DEPUTY UNDER-SECRETARY NYE'S INITIATIVE SETHNA SAID HE REGARDED IT AS USEFUL AND HOPES THAT IT WILL BE FOLLOWED UP POSITIVELY BY HIS GOVERNMENT. HE SAID HE WOULD HAVE PREFERRED TO SEE THE DISCUSSIONS FOCUSED ON TECHNICAL POINTS WITH THE POLITICAL FUNDAMENTALS NEVER FAR IN THE BACKGROUND. NEVERTHELESS, HE WILL ADVOCATE ENTERING INTO THE DISCUSSIONS AS PROPOSED BY THE DEPARTMENT, PARTICULARLY AS LONG AS THERE IS NO PUBLIC ANNOUNCEMENT SUGGESTING THAT THE TALKS ARE FOCUSED ON POLITICAL ISSUES. HE AGREES THAT THEY SHOULD BE PRIVATE AND THAT ANY ESSENTIAL PUBLIC COMMENT BE LIMITED TO SIMPLE STATEMENT NOTING THAT THERE ARE CONTINUING TALKS RELATED TO THE PROBLEMS IN CONTINUING BILATERAL NUCLEAR COOPERATION.

9. THROUGHOUT THE CONVERSATION SETHNA MADE MANY COMMENTS ON THE FORTHCOMING PARLIAMENTARY ELECTIONS AND THE POSSIBILITY THAT MRS GANDHI MIGHT NOT EMERGE WITH AN EFFECTIVE MAJORITY. AS HE HAD INDICATED IN THE DUBS-THORNTON VISIT, HE BELIEVES THAT AN OPPOSITION VICTORY COULD QUICKLY LEAD TO A "GO IT ALONE" STANCE ON NUCLEAR POLICY FOR INDIA. HE REGARDS ALL OF THE OPPOSITION FIGURES AS IRRESPONSIBLE IN THE NUCLEAR AREA.

10. COMMENT: SETHNA'S REMARKS ON THE IMPORTANCE OF A VICTORY BY MRS GANDHI ARE IN LARGE MEASURE SELF-SERVING AS HE APPARENTLY HAS LONG AGO BURNED HIS BRIDGES WITH MOST OF THE OPPOSITION LEADERS. ON THE OTHER HAND, HE CLEARLY BELIEVES THAT HE RETAINS MRS GANDHI'S EAR AND IS FIRMLY CONVINCED THAT HE CAN PERSUADE HER  
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TO ACCEPT ANY SOLUTION HE REGARDS AS REASONABLE. IN SPITE OF HIS PROTESTATIONS THAT OTHER DELHI OFFICIALS ARE CALLING THE SHOTS ON THE HIGHLY POLITICAL ISSUES, SETHNA GIVES MANY INDICATIONS THAT HE REALLY WISHES TO BIDE HIS TIME AT PRESENT IN ORDER TO PRESERVE HIS FREEDOM FOR MANEUVER HE CLEARLY SEES HIMSELF AS "THE VOICE OF REASON" WITHIN COG AND AS THE STAUNCHED ADVOCATE OF A COOPERATIVE AS OPPOSED TO AN INDEPENDENT APPROACH TO INDIA'S NUCLEAR DEVELOPMENT.

COURTNEY

NOTE: STATIS CAPTION DELETED PER ROBERT OBER - NEA/INS.

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## Message Attributes

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